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Good Evening. I appreciate your kind introduction. I would like to thank you for inviting me to speak about U.S. Immigration and Customs Enforcement's work with the bankers and other members of the financial sector, a partnership established to identify vulnerabilities in the nation's financial systems through which criminals launder their illicit proceeds. It is due, in large part, to our joint efforts that we are able to bring criminals to justice and eliminate potential weaknesses in our national security.

However, before discussing the steps we have taken, and plan to take, to strengthen and expand this vital partnership, I would first like to offer a brief overview of the Department of Homeland Security and U.S. Immigration and Customs Enforcement—or ICE, as it is more commonly known.

ICE is the largest investigative arm of the DHS, bringing a unified and coordinated focus to the enforcement of federal immigration laws, customs laws and, as of November 2003, air security laws. In other words, ICE brings to bear all of the considerable resources and authorities invested in it to fulfill its primary mission: detect vulnerabilities and prevent violations that threaten national security.

With such a broad mandate and the accompanying legal jurisdictions that go with it, ICE must work closely with its law-enforcement partners to maximize its effectiveness and help ensure that these partners are sharing information and resources with one another.

The agency is part of Homeland Security's Border and Transportation Security Directorate, headed by Undersecretary Asa Hutchinson. The BTS is the operational component for securing the nation's borders. It includes U.S. Customs and Border Protection, the agency responsible for inspections at the border; the Transportation Security Administration,

which oversees airport and transportation security; the Federal Law Enforcement Training Center; the Office of Domestic Preparedness; and ICE, the agency responsible for investigating crimes that threaten homeland security, such as financial crimes, human smuggling, export of arms or weapons of mass destruction, contraband smuggling, commercial fraud and intellectual property rights crimes, and all immigration enforcement.

ICE is led by Michael Garcia, the Acting Assistant Secretary to Mr. Hutchinson. On March 1, ICE officially became the largest investigative agency within the new DHS and, in the near future, it will become considerably larger when the Federal Air Marshal Service officially become part of the ICE team. This will expand the organization's investigative jurisdiction to include air security, along with immigration and customs enforcement, and physical security for all federal facilities under the Federal Protective Service.

This is a lot of territory to cover. In fact, when ICE was formed, it instantly became the second largest federal investigative agency in the United States, with 15,000 employees. Fortunately, we have a pretty good blueprint in place now to effect this change. It is ICE's goal to create a law enforcement agency that provides the seamless flexibility of all resources—whether they be Air Marshals, ICE special agents, Air and Marine officers, FPS officers, or Immigration enforcement agents -- so that we can effectively prioritize the greatest threat at any given time.

The significant question for us today is whether this massive reorganization and realignment of resources has made the United States safer. I maintain that ICE is uniquely qualified to address the issues of protecting our homeland in ways not seen before in federal criminal justice circles. The agency combines once-fragmented investigative and intelligence resources into a coordinated focus on national security.

Our goal in setting up this new agency, with these wide-ranging investigative authorities and responsibilities, was to continue operations uninterrupted. It was to bring together these diverse groups, set out clear chains of command, and allow the people on the front lines to continue to do the day-to-day work so critical to the well-being of this nation. In this, I believe, we were successful.

Customs and immigration enforcement lost no ground. Air and Marine operations continued uninterrupted, and the work of Detention and Removal went forward. The Federal Protective Service, which protects thousands of facilities nationwide, did not let that guard down. ICE functioned as an agency of parallel components, but components that were already in the process of learning the roles of their colleagues and developing ways to integrate those roles more productively and efficiently.

And that was the ultimate goal of creating ICE. Establishing one integrated and enhanced investigative agency within the Department of Homeland

Security. After the initial transition period, establishing this new enhanced agency needed to be done more systematically, through the structure of our headquarters, our programs and our field offices.

In restructuring ICE, the agency's management was guided by the overarching mission of ICE and, indeed, the DHS: to detect vulnerabilities and prevent violations that threaten national security. Vulnerabilities that expose our financial systems to exploitation. Vulnerabilities that expose our borders to infiltration. Vulnerabilities that expose our citizens to biological or chemical attacks. This understanding of the agency's mission directly shaped the re-organization effort.

So, you will find no terrorism box in ICE's organizational chart. *All* of ICE's programs are aimed at counter-terrorism, at homeland security. I will give some examples of this as I speak about how we are now configured. I will start with the Investigations Division, the largest of the five at ICE and it is there that the Financial Investigations unit plays such a critical role.

We have an aggressive new alien-smuggling unit that is bringing together intelligence assets and financial expertise to attack these criminal enterprises, to dismantle them, and to seize the money they make off their human cargo. We had great success with this new approach in the recent tragic case in Victoria, Texas, where 19 people were found dead in the back of a tractor-trailer. ICE's investigation led to the quick indictment of the ringleader of this smuggling conspiracy, who had fled the United States, together with 13 other co-conspirators. Along the way, we rescued a three-year old from this same band of smugglers in an undercover operation and arrested his captors. By combining the once individual intelligence and investigative resources of customs and immigration enforcement, we were able to quickly capture 12 smugglers and follow the money to the source of this smuggling ring. In the process, we created a new model for approaching these crimes, a model that we will use as the centerpiece of our national anti-smuggling strategy.

These alien-smuggling cases show organized crime exploiting vulnerabilities in our border security to bring in illegal aliens. Aliens being smuggled might be seeking economic opportunities. *Or* they might be terrorist operatives seeking ways to infiltrate this country.

With respect to contraband smuggling, the commodity might be cocaine or other illicit drugs -- contraband that has a devastating impact on our society -- or it might be the components for weapons of mass destruction. Again, a vulnerability that could be exploited by terrorists.

We now combine former customs expertise in this area with immigration enforcement authorities, a potent combination used very effectively in multi-agency task force operations that are now available in-house.

Operation Predator is another example of the success we have been able to achieve by bringing a unified focus to ICE's vast legal authorities and expertise, something we couldn't have done without restructuring. This initiative is aimed at bringing to bear all of our powers and authorities that could be used to protect our children—America's future—against sexual predators, pornographers, human traffickers and other criminals who seek



to exploit them. Since this operation was launched in July, we have arrested hundreds of individuals who have preyed on children.

Of all the areas to which ICE is bringing a newly unified focus, none has greater potential for strengthening the homeland security than our work combating financial crimes. I say that because the specialized skills and knowledge our personnel can bring to bear and the legal authorities we have at our disposal are unparalleled. Our agents have three decades of experience detecting and deterring financial crimes, and they are backed by a broad array of legal authorities provided by the Money Laundering Control Act, the Bank Secrecy Act, and the USA PATRIOT Act. We have consolidated these resources in a newly established Financial Investigations Division.

We recognized that we could not realize our full potential to combat financial crimes without forging a productive partnership with those working in the financial sector. That is why we launched Operation Cornerstone in early July. This comprehensive program, created in

conjunction with Secret Service, aims to safeguard the nation's financial systems against exploitation by identifying and eliminating vulnerabilities. We want to deny terrorists and other criminals access to the systems within the banking, insurance, and import-export industries – all systems that Americans use every day. As DHS Secretary Tom Ridge stressed in announcing this new initiative, *“Money is the lifeblood of terrorist networks.”*

One of the things that makes Cornerstone unique is its proactive approach to addressing systemic vulnerabilities, an approach that relies on an unprecedented partnership with the private sector. We are creating a Financial Security Advisory Council to facilitate the flow of information between government and industry. We want to meet regularly to exchange data, intelligence, “red flags,” and recommendations for eliminating vulnerabilities in our security systems.

We will also be assigning a special agent to each of our 25 field offices -- including Los Angeles, San Francisco and San Diego -- to serve as a liaison

to the private sector. These agents will be dedicated to identifying and assessing the means and methods used by criminals to exploit financial systems in order to transfer, launder or otherwise mask the true sources of criminal proceeds.

Let me give you an example of the type of cases we are trying to develop under Cornerstone. Just last week, a naturalized U.S. citizen living in Washington State was sentenced to eight months in prison for his role in transferring more than \$12 million in cash and goods to Iraq between 1996 and 2002. An investigation by ICE agents revealed that the Iraqi national had used overseas corporate accounts to facilitate the transfers, which violated U.S. and United Nations sanctions imposed on Iraq. The investigation was initiated after ICE received a tip from a corporate security officer.

Sharing information is crucial to our success. We need to learn from one another. To facilitate that, we established the Systematic Homeland

Approach to Reducing Exploitation. As part of the SHARE program, ICE officials and our colleagues from the Secret Service will conduct semi-annual meetings with executive members of the financial and trade communities. At these meetings, the first of which will be held next month, we will share data on specific investigations into money laundering, identity theft, and other financial crimes.

In short, we want you to be law enforcement's front-line defense in the fight against money laundering and in the protection of America's financial infrastructure

To further demonstrate how the banking and financial sector and ICE have partnered, let me offer a few other examples:

- An ICE investigation was launched as a result of SAR (spell out?) reports generated by several financial institutions that indicated certain blue collar workers were structuring cash deposits and wiring money overseas -- amounts that were inconsistent with their supposed

income. Ultimately, we uncovered an international money–laundering “hawala” network, one that had wired more than \$5.2 million overseas, most of which was flowing to one high–volume investment firm. To date, this ongoing investigation has resulted in the arrest of three subjects for operating an illegal wire–remitting system/Hawala.

- After a four–year investigation by our agents, a New York City bank pleaded guilty to a three–count indictment charging it with the failure to file the required reports on \$123 million in suspicious cash deposits, failure to implement an anti–money laundering program, and helping to “structure \$76 million in bulk cash deposits. The event marked the first time that a U.S. bank ever pled guilty to the first two charges.
  
- In a joint operation, an investigation into a northeastern wire–remitter was prompted after three SARS were filed by three different banking institutions. Suspected BSA/money–laundering violations were cited in each. As a result, ICE and IRS agents determined that some

\$32 million had been transferred out of the country to overseas locations over two years.

- A SAR-generated investigation on an international trading business showed that two subjects had moved \$3.9 million to a country of interest. Both have now been convicted.

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We want to replicate this success and others, but we cannot it without your assistance. ICE's mission to help provide and ensure domestic security demands, by its very nature, that we continue our efforts to build productive partnerships -- not only with our fellow law enforcement agencies at the federal, state, and local levels but, also, with those of you who work in the private sector. If we accept the notion that homeland security is about finding vulnerabilities and preventing them from being exploited, this kind of coordination is not just preferable; it is absolutely necessary.

I look forward to working with members of the California Bankers Association and others within the financial sector to forge the type of partnership necessary to provide the American people with the level of security they desire and deserve.

Thank you.